

Comprehensive Neighborhood Revitalization Fund

FAQs

What is CNRF?

The U.S. Department of Housing and Urban Development (HUD) recently developed and funded the *Neighborhood Stabilization Program* (NSP) to help revitalize and stabilize communities impacted by the foreclosure crisis. The purpose of NSP is to provide targeted assistance to state and local governments to acquire and redevelop abandoned or foreclosed homes and residential properties that might otherwise become sources of blight within their communities.

Through the NSP, HUD has allocated \$3.92 billion in Community Development Block Grant (CDBG) monies to communities and states nationwide, \$150 million of which was allocated to Indiana. About half of Indiana's allocation, approximately \$70 million, was distributed directly to 12 cities and counties in Indiana. The remaining \$83 million was allocated to the Indiana Housing and Community Development Authority (IHCDA) for distribution to eligible entities throughout the state.

IHCDA's Comprehensive Neighborhood Revitalization Fund (CNRF) will allocate \$50 million to Local Units of Government and Not-for-Profit entities through a competitive process. These funds will provide an opportunity for communities to significantly reduce blight in, and revitalize and strengthen targeted neighborhoods.

Who is eligible to apply for CNRF?

Eligible applicants are: 1) Indiana Local Units of Government (LUG), and 2) Not-for-Profit entities, as noted in the first sentence of 24 CFR 570.500(c), located in the areas designated by IHCDA as Indiana NSP Qualified Areas of Greatest Need. Applicants in Qualified Areas may seek funds for an area (block groups) within their jurisdiction or service area that is identified as being of greatest need.

The LUG may subcontract with either Not-for-Profit entities and/or for-profit corporations to administer, design, develop and/or implement proposed CNRF activities. Applicants are expected to identify a development team to plan and monitor implementation, which should include individuals with expertise and experience in successful community and economic development, project development and/or housing finance and development.

I don't see my community listed as an "area of greatest need." Does this mean we are not eligible for CNRF?

Congress was very clear that the purpose of this funding was to target those areas with the greatest exposure to foreclosures, subprime mortgages, delinquencies and defaults. In order to apply for CNRF, a LUG or NFP must be located in an IHCDA designated area of greatest need. IHCDA has determined areas of greatest need with the assistance of the Indiana University Center for Urban Policy and the Environment, using a combination of HUD-provided data and proprietary data available to IHCDA. For more information regarding the determination and the list of IHCDA Indiana NSP Qualified Areas of Greatest Need, please review the IHCDA NSP Substantial Amendment to Action Plan found at the following link: http://www.in.gov/ihcda/files/NSP_final.pdf

Is a match required?

No match is required. However, CDBG entitlement communities that receive a direct allocation from HUD and also apply for grants under the CNRF: (1) may not request an amount exceeding \$5,000,000 and (2) must demonstrate the ability to leverage at least 50% of the total project costs from another funding source.

What is the maximum award amount?

For an entitlement community that received a direct NSP allocation from HUD, the maximum award from state NSP funds would be \$5 million. For other communities located within a Qualified Area there is no maximum award amount.

What steps does a NFP organization or a LUG need to take in order to apply for CNRF?

First you must determine if you are located in and serve an IHCDIA Qualified Area of Greatest Need. If you are thinking of submitting a Letter of Intent you should attend one webinar session. A Letter of Intent to apply is due to IHCDIA's office no later than 5 p.m. January 9, 2009. The application is due March 13, 2009 by 5:00 p.m.

Can the LUG or NFP organization apply to IHCDIA for CNRF funds in addition to other IHCDIA funds?

Yes. Comprehensive neighborhood revitalization is the goal of CNRF. Therefore, IHCDIA will assist those LUGs and NFP entities that leverage other resources, including IHCDIA resources, to make their revitalization plans financially feasible, viable, and comprehensive. Other IHCDIA resources that may be made available are HOME funds, CDBG funds, Affordable Housing and Community Development Funds, and Low Income Housing Tax Credits. More detailed information about these funding sources can be found on our website:

<http://www.in.gov/ihcda/index.htm>

While separate applications for these funds will not be initially required for purposes of the CNRF application, a budget for each component of the proposed project will be required. Additionally, if the proposed project is awarded CNRF monies, then the applicant may be required to fill out additional applications if requesting other sources of IHCDIA funds.

Is there any way Community Foundations can help with these efforts?

Community foundations and local housing trust funds could be a great asset to a community's comprehensive plan. IHCDIA will not distribute NSP funds to community foundations, but we encourage applicants to talk with the private philanthropic sector, as well as your community's mayor or town council to discuss ways in which the community foundation can partner with the Local Unit of Government.

Are there any prohibitions against using CNRF as endowments?

Yes. NSP funds distributed by IHCDIA must be obligated to a specific property address by the end of July 2010. An endowment would not be an appropriate mechanism for obligating CNRF funds as required. Some communities are looking at land banking because it provides specificity (the land being banked has an address) and allows for long-term planning (the land can be banked for up to 10 years).

Will IHCDIA buy properties directly?

No.

I have a mortgage with a high interest rate. Will this benefit me?

CNRF awards will be granted through a competitive process to non-profit organizations and Local Units of Government in order to stabilize neighborhoods in Qualified Areas of Greatest Need. Although one factor used to identify Qualified Areas is whether the area has a high concentration of subprime related mortgage loans, NSP funds may not be used to refinance existing mortgages to prevent foreclosure. Individuals with high costs loans should consider contacting the Indiana Foreclosure Prevention Network at www.877GetHope.org.

Are these funds available on the front-end in order to assist persons who are on the verge of losing their homes?

No. NSP funds may not be used for refinancing or assisting with current mortgages or preventing foreclosure. Persons facing possible foreclosure should contact the Indiana Foreclosure Prevention Network at www.877GetHope.org. CNRF will be granted through a competitive process to non-profit organizations and Local Units of Government in order to stabilize neighborhoods in Qualified Areas of Greatest Need. A recipient of these funds could plan to offer funding to a person whose home has been foreclosed upon to buy back the same home or to a non-profit that will buy the foreclosed upon home and sell or lease it back to the original owner.

We have talked to consultants about services they can provide for the NSP application. What is the process and requirements for hiring a consultant?

If an applicant hires a consultant to assist with the NSP application and an award is made, the applicant may seek reimbursement for its pre-agreement planning and administrative costs. To be reimbursable, pre-agreement costs must meet the requirements of 24 CFR §570.200(h), 570.206, applicable OMB cost principles, and must have been necessary to undertake the administrative and planning activities needed to apply for and receive the CNRF grant. Any contract for services that an applicant enters in relation to the CNRF must be procured using procedures that conform to local, state, and federal laws and regulations relating to public contracting that provides full and open competition including, but not limited to, the standards set out in 24 CFR §85.36.

Can CNRF monies be used on brownfield sites?

A brownfield is defined in Ind. Code §13-11-2-19.3 in terms that are broader than the types of property for which NSP funds may be used for redevelopment. It is possible that a brownfield site might contain blighted structures that could be demolished, or vacant or demolished properties that could be redeveloped using CNRF funds. Before such activities could be undertaken, however, the project would have to undergo the Environmental Review Process described in 24 CFR Part 58. Such reviews might delay the use of NSP funds by the applicant, which could lead to IHCD re-allocating the funds so they can be used in accordance with the NSP timetable.

Are NSP funds limited to purchasing abandoned or foreclosed upon homes or can these funds be used to acquire otherwise vacant properties?

Although NSP funds cannot be used to purchase vacant property, they can be used for redevelopment of vacant or demolished property. The property would have to be acquired with funds from a different funding source.

What constitutes "demolished or vacant properties" that can be redeveloped using NSP funds?

In order for a property to be "redeveloped," it must have been previously developed and is now vacant. Raw land would not be eligible for redevelopment. The applicant whose plan includes redevelopment must demonstrate that the targeted property has been previously developed. For example, the applicant could point to vacant buildings or infrastructure improvements such as roads, water, sewer, power lines, etc. However, land that has been farmland, open space, or wilderness would not be eligible for redevelopment. IHCD would consider redevelopment of a property that was once a factory and has been idle for 20 years, but would question a site in which the previous development was demolished 100 years ago and the property has lain fallow ever since.

Will you accept more than one "letter of intent" for an identified area of greatest need in a Qualified Area?

Yes, IHCD will allow two Letters of Intent to be submitted from the same geographic area. However, IHCD will not accept two proposals for the same geographic area—we encourage local units of government and not-for-profits to coordinate their efforts and submit a joint proposal.